

BLABBING OR SHARING? BE SURE BEFORE YOU WHISPER A WORD ABOUT CUSTOMERS

Trust is hard to glue back together

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Credit people deal with confidential information all the time. It's part of our job descriptions. How well do we observe the basic tenets of business confidentiality?

In a long career, I've observed that many people treat secrets and highly confidential information as either "too good to keep or not worth keeping."

Are you a leaker?

There are many ways that sensitive, proprietary information "leaks out" into the public domain. Sometimes we simply get careless. Or we share information without the proper caveat that it is sensitive and should be carefully restricted (if that's not evident on its face).

Sometimes, we share the information knowing that we are breaching a confidence because it gives us a sense of "influence" or dominance. This is unprofessional behavior and can quickly rise to the level of unethical.

Not too many of us as community bankers have information that's truly of an insider nature as that term is used in securities law. We should all know what those ground rules are and observe them scrupulously both for our own good and for the legal risk that we could incur personally and corporately.

Rather I'm more concerned the way we as bankers often blur the line between what we can freely share and what should be considered privileged and treated with much greater care. We can sometimes be in a word, thoughtless and, in the process, indiscrete.

What do you bring home?

First thing we should consider is how much information we share about our customers and prospects with our spouses.

My wife was, for all the years the kids were growing up, a stay-at-home mom. Not that she didn't have distractions and diversions as the mother of four (including twin sons) but she missed news of the outside world. She was interested in what I was doing and what information I could share about my work.

My wife wasn't a credit person or trained in financial analysis, so discussions of balance sheets, income statements and financial ratios were simply not of interest. But the anecdotal information about my customers and professional acquaintances was often of keen interest, as she had occasional social interaction with many of them.

Fortunately, I could usually talk without fear of compromising customers or the bank about the things that she was most interested in hearing about. Many of them were very colorful characters, as self-made, small-to-medium-sized business owners and entrepreneurs usually are.

You may be in the same situation. But periodically give yourself a reality check.

Are you the life of the party? Or the water cooler?

I am reminded though of a very senior officer of my bank several years ago who had an engaging sense of humor and notable talents as a story teller and raconteur.

The unfortunate thing though was that his humor was often at the expense of his subject. Matters were shared in meetings of perhaps a dozen or so of the bank's senior officers that would have been very embarrassing if attributed

back to anyone at the bank. Because of his position and stature, what this man said about customers, directors, community leaders, and large stockholders was almost guaranteed to be of interest beyond any small group bank executives.

Although ambitious bankers usually want access to the top people and consider such access to be important to career advancement, I came to dislike these freewheeling sessions with my peers and bosses.

At times, almost anything was fair game for discussion and at times, almost anything was said.

It's not that we as the management group were an indiscrete bunch. Rather, I just didn't like the way others were often the butt of insensitive humor and that their business and confidences were often displayed and shared in disrespectful ways. Although I never was directly aware that any of these anecdotes came back in embarrassing ways, I can't believe that they didn't do harm in some way or other.

Trust behind closed doors ... and closed mouths

In business, one of the key ingredients, if not the key ingredient, in successfully negotiating human interrelationships is trust.

If trust doesn't exist, business slows down—due diligence assumes a greater urgency, collateral becomes paramount over character, and we become suspicious of the motives and actions of others. That's no way to do one's business, especially the business of lending where candor and truthfulness trump almost everything else.

I think that's where we bankers need to be brought up short on occasion. We are professional people and we are entrusted with the reputations of others. And we as well put our own professional reputations on the line most every day.

It's no disgrace to make a mistake in underwriting credit; what lender hasn't had a loss or two along the way?

The disgrace is letting us and others down by our insensitivity to fundamental principles of human behavior such as respect and trustworthiness.

Cross examining yourself

A lender who shares the highlights of his or her business day with a spouse is only doing what is normal and healthy. Sharing experiences is not a harmful activity. There are limits, though, of what is appropriate to share in the sense of truly inside information but also in the way it's shared and conveyed. A disrespectful or condescending attitude toward a customer or prospect will generally show through regardless of context so it's better to avoid such displays that don't reflect well on parties sitting on either side of the desk.

Gossip often falls into this category. Some people love to gossip and certainly some of it is harmless enough. But much of it is not and is very distracting to interpersonal relationships and candor among coworkers.

I will never forget the advice that the secretary to my boss's boss gave me one time many, many years ago. Her sage advice was this:

"If coworkers truly believe that you can keep your mouth shut, you'll hear it all. You just have to be satisfied not to hear it first."

Now there's a twist. Would you rather hear it all or hear it first? The latter generally reflects some sense of impropriety-a prurient curiosity or an unhealthy interest in office gossip. The former reflects a reputation of trust and respect.

Today, our industry is under assault by critics among many of our public constituencies but particularly the politicians and some of our customers who have found dealing with us to be very difficult the last few years.

Community banking, especially small to medium sized business lending, is one of the last outposts of professionally driven, intensely personal human relationships. I hope none of us compromise the trust that still largely exists between us and our borrowers. We should treat such relationships as a matter of personal honor and value them above all business metrics.

It's all we really have in the first place.

About Ed O'Leary:

Veteran lender and workout expert O'Leary spent more than 40 years in bank commercial credit and related functions, working with both major banks as well as community banking institutions. He earned his workout spurs in the dark days of the 1980s and early 1990s in both oil patch and commercial real estate lending.

O'Leary began his banking career at The Bank of New York in 1964, and worked at banks in Florida, Texas, Oklahoma, and New Mexico. He served as a faculty member and thesis advisor at ABA's Stonier Graduate School of Banking for more than two decades, and served as long as a faculty member for ABA's undergraduate and graduate commercial lending schools.

Today he works as a consultant and expert witness, and serves as instructor for ABA e-learning courses and has been a frequent speaker in ABA's Bank Director Telephone Briefing series. You can hear free audio interviews with Ed about workouts here. You can e-mail him at etoleary@att.net. O'Leary's website can be found at www.etoleary.com.

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